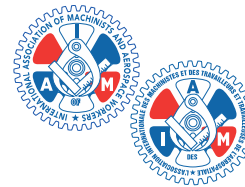


INTERNATIONAL ASSOCIATION  
OF MACHINISTS AND AEROSPACE WORKERS  
ASSOCIATION INTERNATIONALE DES MACHINISTES  
ET DES TRAVAILLEURS ET TRAVAILLEUSES  
DE L'AÉROSPATIALE



*Office of the Canadian General Vice-President • Bureau du Vice-président général canadien*

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May 7, 2020

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The Honourable Bill Morneau, P.C., M.P.  
Minister of Finance  
House of Commons  
Ottawa, ON K1A 0A6

The Honourable Marc Garneau, P.C., M.P.  
Minister of Transport  
House of Commons  
Ottawa, ON K1A 0A6  
Dear Honourable Ministers Morneau and Garneau,

**Re: Extension of Canada Emergency Wage Subsidy**

I'm writing you on behalf of 36,000 members of the International Association of Machinists and Aerospace Workers (IAMAW) who work in numerous sectors across Canada. As the General Vice President of the largest Union in air transportation, with a significant presence in aerospace, manufacturing, healthcare, the hotel industry, and other industries, I have witnessed the unprecedented impact on our member's jobs, lives and our Union. The uncertainty and devastation has taken an unimaginable toll, the programs, and initiatives undertaken by the federal government have benefited our members in these challenging times.

The IAMAW has been a strong advocate and proponent of the Canadian Emergency Wage Subsidy (CEWS). CEWS has secured a source of income for many of our members and has maintained a crucial link between them and their employers. Upon CEWS' availability, we engaged with employers to implement the program, and many of them have.

As you are aware, the economic impact of the pandemic has been incremental, first affecting industries that are export reliant, and also those directly impacted by travel restrictions, like the airline industry. However, the effects will reverberate throughout the economy, spreading to industries closely connected to those initially impacted. At the same time, CEWS expires on June 6<sup>th</sup>, and some businesses will experience a drop in revenues in the second part of the year, but will not have access to funds that are essential.

One such company is MTU Maintenance Canada, based in Vancouver, B.C, where the IAM represents a number of skilled workers. Due to the business model that relies on international markets through material procurement, and supply chains, MTU anticipates a substantial drop in revenue starting in June through to August.

The challenge for aerospace companies, particularly those specializing in MRO is that the structure of the program does not match low inputs and long total asset turnover (TAT) that are common in the industry. Consequently, downturns in March will fully manifest in the second part of the year as a drop in revenues. Simply put, CEWS is better suited for high transaction enterprises, and does not address the unique nature of this sector.

Given how vital CEWS has been, we are strongly urging the federal government to consider two key proposals:

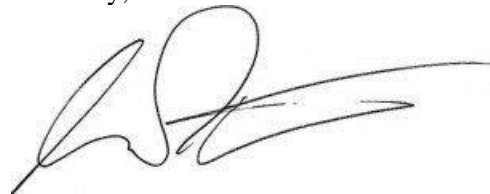
1. An extension to the CEWS program for an additional 12 weeks. The economic outlook does not indicate signs of a quick recovery, to the contrary, a recovery is expected to be protracted. An extension would afford businesses in other sectors whose production schedules do not align with the structure of CEWS to, at the very minimum, continue operations, and allow workers to maintain an employment relationship with their employer. During this period, critical infrastructure in many industries must be maintained, and CEWS has proven to be effective in achieving this objective.
2. Notwithstanding the above proposal, we recommend that businesses who experience the economic impact later in the year have the opportunity to apply for the subsidy after the June 6<sup>th</sup> deadline. This option would allow businesses that are yet to be impacted an opportunity to bridge a downturn until operations resume again. Each business that applies after the June 6<sup>th</sup> deadline would qualify for a 12 week period, with CEWS expiring in December of 2020.

Businesses and the Canadian economy depend on assistance that allow businesses to maintain operations and adjust to new realities. CEWS has been a crucial lifeline for many of our members, workers in general, as well as, businesses.

We hope the federal government will take this into consideration and engage unions and business leaders in discussions about getting through this difficult period in a way that benefits workers and employers; CEWS is a testament that this is possible.

We welcome an opportunity to discuss this further with you as we enter into the coming critical months.

Sincerely,



Stan Pickthall  
General Vice President  
International Association of Machinists and  
Aerospace Workers

SP/jc

cc. Hassan Yussuff, President – Canadian Labour Congress